

5/16/77 [2]

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THE WHITE HOUSE
WASHINGTON

Frank:

Senator Byrd's office advises that they do not yet know what the Senate will take up when they return on June 6.

According to Bill Cable the following could be considered by the House when they return on June 1:

ERDA Authorization

> Consumer Protection Agency (this depends on what the Senate does)

Department of Energy (outside possibility)

However, traditionally, when the House returns on a Wednesday and adjourns on Thursday evening, no substantive work is conducted.

patti
5/16

THE WHITE HOUSE
WASHINGTON

May 16, 1977

The First Lady
Tim Kraft

The attached was returned in the
President's outbox and is forwarded
to you for your information.

Rick Hutcheson

Re: Senate & House Memorial
Day Recess

THE PRESIDENT HAS SEEN

THE WHITE HOUSE

WASHINGTON

May 16, 1977

cc
Rosalynn
J

MEMORANDUM FOR THE PRESIDENT

FROM: FRANK MOORE

SUBJECT: Senate and House Memorial Day Recess

The Senate is scheduled to go out of session at the close of business, Friday, May 27. They will return Monday, June 6.

The House is scheduled to go out of session at the close of business, Thursday, May 26. They will return Wednesday, June 1.

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THE WHITE HOUSE
WASHINGTON

May 16, 1977

EYES ONLY

Midge Costanza
Stu Eizenstat
Hamilton Jordan
Bob Lipshutz
Frank Moore
Jody Powell
Jack Watson

Re: Cabinet Summaries

The attached were returned in the President's
outbox and they are forwarded to you for your
personal information.

Rick Hutcheson

Attachments:
Reports from Commerce, HEW, HUD,
Treasury, CEQ, Justice, Labor, CEA
and Interior.

THE WHITE HOUSE
WASHINGTON

May 16, 1977

Secretary Kreps -

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

Re: Equal Employment Opportunity
Commission



THE SECRETARY OF COMMERCE
Washington, D.C. 20230

THE PRESIDENT HAS SEEN.

May 13, 1977 ^{1977 MAY 13} PM 1 41

"FYI"

REPORT TO THE PRESIDENT

I want to focus my report to you this week on my most recent meeting with members of the Business Council and Business Roundtable. We have been meeting on an informal basis each month both to articulate and explain the Administration's policy actions and to solicit from the business community their input into emerging policy initiatives. To create as broad a dialogue as possible, I have included different members of the Cabinet at each session. In this way, I believe we are making progress with respect to your commitment to create an ongoing dialogue between Government and the people it serves.

Our most recent meeting this week focused on reform of equal employment opportunity programs. This is especially timely since OMB plans to undertake EEO program review as one of its first reorganization initiatives. Bert Lance and Harrison Wellford joined us for the session.

In general, the business community indicated strong support of the objectives of our equal employment opportunity policies. They stressed the desirability of encouraging voluntary cooperation between Government and business. They are concerned that an adversary attitude, reflected in emphasis on court suits, has developed in recent years on the part of business and the Government enforcement officers.

We should consider carefully the following recommendations of the business community:

--the Equal Employment Opportunity Commission is in a state of disarray. It needs professional management and reorganization to reduce a case backlog of more than 130,000 complaints;

agree

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--the Government's compliance programs are sometimes duplicative and inconsistent. Responsibility for issuing policy guidelines and for enforcement rests in several different agencies;

--guidelines are often revised before business has the opportunity to implement fully the previous set of directives;

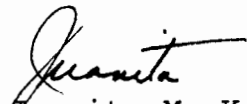
--reporting requirements impose heavy costs and sometimes give an incomplete picture of progress on employment opportunity for minorities and women because they emphasize the status quo rather than the improving trend.

--the EEOC has shifted from resolving individual complaints, for which the business community feels it was established, to prosecuting major target companies. Some companies claim that they have been selected for prosecution not because they have a poor record but because they are most visible.

While the targeting problem deserves further work, I question whether emphasis on individual case resolution is the answer, because of the enormous Federal resources that would be required. *afu*

Bert Lance expressed sympathy with these criticisms. The businessmen have already given Bert and me a preliminary report and, as a result of our meeting, plan to have their staffs work more closely with OMB as the reorganization plans evolve.

I believe these meetings are resulting in a good working relationship between the Department of Commerce and the business community. These businessmen understand that I will articulate and defend within the Administration only their policy recommendations which are consistent with the Department's own analyses. They told me at our meeting this week that such a constructive relationship has never existed in the past.


Juanita M. Kreps

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THE SECRETARY OF COMMERCE
Washington, D.C. 20230

May 6, 1977

"FYI"

1977 MAY 7 AM 11 40

REPORT TO THE PRESIDENT

Subject: White House Conference on Balanced National
Growth and Economic Development

Because this issue is of such significance, I will devote the entire report to it. Two months ago you designated the Department of Commerce as lead agency for the White House Conference on Balanced National Growth and Economic Development. During these two months my staff has been engaged in Conference preparations, both substantive and logistical, with members of your Domestic Policy Staff and Office of Intergovernmental Relations, as well as our statutory partners, Housing and Urban Development (HUD) and Agriculture.

A Director of the Conference has now been selected in consultation with your staff. He is Michael Koleda, Vice President of the National Planning Association and Director of its Domestic Division. In order to reflect the Administration-wide and intergovernmental nature of the Conference, Secretary Kreps and I recommend strongly that you make the formal announcement of the Conference within the next two weeks. Specific material relating to that announcement will be sent to you shortly.

While the issues to be addressed will be refined in consultation with the several Federal Departments, state and local officials and other interests, they are likely to include:

1. Structural deficiencies -- ranging from rapid growth in the energy boom states that sometimes overwhelms local capacity to the regions which continue to experience population and income decline. ✓
2. The decline of certain central cities and metropolitan regions. ✓
3. The impact of Federal and state expenditures and tax systems on regional and city growth and decline. ✓

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4. The effects of changes in energy and environmental policies on regions, states and localities. ✓
5. Future policy direction of the Economic Development Administration and the Title V Commissions. ✓
6. Ways in which full utilization of human resources can be achieved. ✓

Because of the significance of these issues and because the Conference affords a means of involving citizens and interest groups in the consideration of national economic policy, the Conference and its preliminary activities will comprise an important series of events in the first two years of your tenure.

As the statute directs, we are organizing state and multi-state regional pre-conference conferences (through the Title V Commissions) to solicit the views of labor and industry, consumers, environmental interests and state and local officials. In addition, we will participate with HUD in the 10 hearings which that Department is conducting during May and June in connection with the preparation of the Urban Growth Report. Arrangements have been made, through your Office of Intergovernmental Relations, to integrate the Growth Report, the Rural Goals Report (prepared by the Department of Agriculture) and the White House Conference. In addition, we have arranged to assure coordination between Conference activities and those of your Urban and Regional Policy Group.

The Conference itself will be held in February 1978, in Washington. This will allow time for the Conference findings to be presented to you and for you to integrate these into your policy recommendations that year. It will also afford time for thorough consultation with state and local elected officials. ✓


Sidney Harman
Acting Secretary



THE SECRETARY OF HEALTH, EDUCATION, AND WELFARE
WASHINGTON, D. C. 20201

THE PRESIDENT HAS BEEN. May 13, 1977

MEMORANDUM FOR THE PRESIDENT 1977 MAY 13 PM 3 08

SUBJECT: Weekly Report on HEW Activities

The following is my weekly report on significant activities within the Department of Health, Education, and Welfare.

- . Social Security Legislation: We are in the process of drafting the legislation that will reflect your Social Security financing proposals announced this week. We hope to introduce this legislation to the Congress by the end of the month. Despite the initial doubts expressed by Chairman Ullman, I believe that we have a good chance to get the legislation through the House because, as we have discussed, there are no better alternatives to the financing problem. I am having lunch with Ullman on Monday and hope to talk with him in some detail about your proposals. Senator Long has indicated general support of the Social Security package, expressing clear approval of the decision to increase the wage base for employers.
- . Hospital Cost Containment: My appearance before the House health subcommittees, and the subsequent testimony of other parties, reflects sharply divided opinion. But since no one has put forward any comparable short-term alternative to deal with the health cost problem, I believe our prospects are quite good in the House. ✓
Senators Kennedy and Talmadge have not been able to agree on joint hearings, and thus there will be separate hearing dates in early June, with Kennedy's Health Subcommittee holding hearings before the Finance Committee.

Speaker O'Neil has indicated that both social security and hospital cost containment will have difficulty getting through the House this year. I will soon be able to make a firm recommendation to you about which bill we should push first, although my present, tentative preference is cost containment because Chairman Rogers has indicated that we can get the bill through the Subcommittee and because Chairman Ullman indicated to me, in passing, that cost containment could move more swiftly.

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- Welfare Reform : HEW and Labor have been working closely to reach agreement on the outlines of a welfare reform proposal that we could use as a talking point with the states and the Congress. We have been in close consultation with CEA, Domestic Council and OMB staff. We should have a memo summarizing our efforts to you by the middle of next week. ✓
- National Health Insurance: The first meeting of the National Health Insurance Advisory Committee will be held on May 20-21. ✓

Joseph A. Califano Jr.

Joseph A. Califano, Jr.



THE SECRETARY OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, D. C. 20410

May 13, 1977

1977 MAY 13 PM 3 25

THE PRESIDENT HAS SEEN.

MEMORANDUM FOR: The President

SUBJECT: Weekly Report of Major Departmental
Activities

The following are brief descriptions of significant activities at the Department of Housing and Urban Development.

Urban Homesteading. On May 11 the Department announced expansion of the Federal Homesteading Demonstration program to include 15 more cities, bringing the total number of cities in the demonstration to 38. This program has real potential for urban revitalization in showing how existing abandoned housing stock can be returned to use.

Amendments Trouble HUD 1978 Authorization in House. After rejecting, 261 to 149, an amendment to eliminate the new dual-formula approach to the Community Development Block Grant program, the House of Representatives, 369 to 20, passed the Carter Administration's housing and community development bill, with its \$14.5-billion authorization request intact.

But in doing so, the House added some troublesome amendments:

1. Requiring that one-fourth of Urban Development Action Grant (UDAG) funds must go to communities of fewer than 50,000.
2. Preventing any UDAG funds being spent unless the full amount required to fund formula grants is approved.
3. Increasing by \$76 million the cost of operating subsidies for Section 236 multifamily rental housing, by having HUD pay for increases in management costs, property taxes, insurance expenses and utility costs.
4. Repealing the provision which now prohibits banks from making loans on property in flood-prone areas in communities wishing to take part in the Federal flood-insurance program. This would pull the teeth of the flood-insurance program, allowing communities to avoid the program, thereby increasing the potential need for Federal flood-relief.

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The Senate bill, reported by its Banking, Housing and Urban Affairs Committee, contains a counterpart to the House amendment blocking UDAG grants unless formula grants are funded in full. However, the other three amendments have no Senate counterparts.

HUD 1978 Authorization Clears Senate Committee. The Administration funding requests for HUD in Fiscal Year 1978 were all accepted by the authorization bill reported out of the Senate Banking, Housing and Urban Affairs Committee.

However, the bill now contains a new impact formula introduced by Senator Harrison Williams of New Jersey, which increases entitlement grants to certain distressed cities, resulting in substantial reduction of UDAG funds through FY 1980.

HUD 1978 Budget Clears House-Senate Conference. In the first Budget Resolution reported by the House-Senate conference, the Administration's full budget request for HUD was included and, thus, is not in conference. It contains the restored funds which earlier had been cut by the Senate Budget Committee.

Mayors Consulted on HUD Program-Planning. HUD this week took a major step in implementing the Carter Administration policy of consulting with local officials in planning its programs. Top HUD officials met with an ad hoc task force of mayors to receive comments and recommendations on HUD operations during Fiscal Year 1979. A further meeting has been set for the June annual meeting of the U. S. Conference of Mayors.

Senate Committee Alters Administration Energy Plan. As a substitute for the Carter Administration proposal, the Senate Government Affairs Committee approved a bill shifting to the new Department of Energy power currently vested by Congress in HUD to set energy-conservation standards for new construction.

The Senate bill created split responsibility, with the Department of Energy developing and promulgating standards and HUD implementing them.

The Administration plan would have permitted the Secretary of Energy to delegate statutory responsibility to HUD, enabling the current interagency agreement with the Energy Research and Development Administration to be implemented.

By contrast, a bill reported by the House Government Operations Committee would transfer the functions from HUD to the Department of Energy with no provision for delegation back to HUD. ✓

ZBB Being Implemented. In a two day departmental conference, Saturday and Sunday, May 7 and 8, top officials of HUD determined major policy directions for HUD for FY 79 which will establish the principal objectives on which the HUD zero-base budget for Fiscal Year 1979 will be built.

The policy-making officials of HUD have agreed that HUD's major responsibility is urban development, with housing a major tool in that process. HUD will concentrate on the needs of the poor, and will also address the needs of the broad spectrum of Americans, including the housing needs of moderate and middle income persons, and will give added attention to the housing needs of the rural poor.

The principal budgetary objectives in achieving those broad goals will be:

1. Continued reliance on the Community Development Block Grant program as the primary community-development instrument.
2. Technical assistance to aid urban managers in developing the capacity of cities to utilize CDBG funds and to manage their fiscal affairs.
3. Compliance with the Gautreaux decision of the Supreme Court -- providing freedom of housing choice for those wishing to remain in or return to the cities and for those wishing to enter or remain in the suburbs.
4. Development of strategies to rehabilitate inner cities by (a) providing housing for low- and moderate-income families who wish to stay, (b) attracting middle-class residents back to the cities without forcing current residents to leave, (c) developing a specific "rehab" financial tool and (d) creating a "rehab" industry, now virtually non-existent.
5. Helping to create ancillary commercial facilities in inner-city neighborhood centers, such as health facilities, grocery stores, and other essential commercial facilities within walking distance. This would include better use of HUD-owned properties for socially desirable purposes.

6. Implementation of an Urban Extension Service, to provide the kinds of services for urban managers that the Agricultural Extension Service provides for farm managers.

7. Using HUD to serve neglected rural non-farm areas, which do not fall within the purview of the Department of Agriculture and are not well served by the cities to which they relate.

HUD is well on its way -- and right on schedule -- toward implementing the ZBB process, having set up a Management and Budget Review Committee, with key officials and staff, to tie budgeting to overall management objectives. So far, 175 program and budget staff members have been trained in workshops on ZBB. ✓

Putting Teeth in Metropolitan Strategy. HUD announced refinements of its metropolitan strategy at the National Association of Regional Councils' annual conference in San Antonio. The councils will be strengthened so they can:

1. Attack housing, economic development and community development problems in older cities.

2. Assure services for developing suburbs. ✓

3. Provide deconcentration of low- and moderate-income populations.

This will be done by certifying regional plans for metropolitan development and housing. The plans are presently required but the Department is not certifying them. Certification will allow priority to be given in allocating Community Planning and Development grants and possibly housing assistance. As this strategy is carried out, Department programs will begin to mesh better with Administration and Congressional goals.

Helping New York City. HUD will acquire 10 state and city aided public housing projects with 14,900 units from the New York City Housing Authority. The city will no longer be required to provide \$12.5 million a year for operating expenses. Operating expenses will be met by the state subsidy until December 1, 1977, and thereafter, HUD's Performance Funding System will pay the operating subsidy, allowing state funds to be used to modernize the units. ✓

No More Federal Housing Moratoriums. At the dedication of the National Association of Homebuilders' "Housing Hall of Fame," I cited the recent spurt in new housing starts as evidence that the nation is coming out of the housing slump.

The slump began four years ago when the former Administration established a housing moratorium for assisted housing programs and decided to use housing programs as a counter-cyclical tool, which meant ignoring the requirements of much of the 1968 Housing Act. I assured the NAHB that the Administration does not intend to be so callous about the needs of the poor. ✓

Inspectors General. The House Committee on Government Operations asked HUD to comment on H. R. 2819, which would establish offices of inspector general in major departments and agencies. The Department took the position that:

1. The offices should be created by Executive, not Congressional action.
2. They should not be required to report to Congress, which would divide their loyalty between the executive agency in which they work and the legislative branch. ✓
3. Inspectors General should not be appointed by the President, as H. R. 2819 provides, but should be career employees.

HUD's Office of Inspector General operates under those three conditions.

Disaster Assistance Efforts Continue. HUD efforts continue to help disaster victims in seven states (Alabama, Kentucky, Tennessee, Virginia, West Virginia, Louisiana and Missouri). Currently, 17.11 percent of those needing shelter have been helped, and damage repair, both to homes and public facilities is well underway. Typical problems include: shortage of places to put temporary homes, difficulty in restoring utility service, too few contractors and more rain.

Analysis is being made of ways to minimize the consequences of such problems in the future, including protective standby contracts, and the use of trained community organization personnel from the new office of Neighborhoods and Voluntary Associations.

HUD has assessed its response to the disasters. In the future it will use more trained people from Washington and Regional offices, and the Department is considering a plan to put some contractors on continuous paid standby so they can respond quickly. Standby-for-a-fee contractors were used extensively in the Apollo Space Program and contributed greatly to its success.


Patricia Roberts Harris



THE SECRETARY OF THE TREASURY
WASHINGTON 20220

May 13, 1977

THE PRESIDENT HAS SEEN.

1977 MAY 13 PM 2 51

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MEMORANDUM FOR THE PRESIDENT

SUBJECT: Highlights of Treasury Activities

The House is scheduled to vote May 13 on the Administration's Countercyclical Revenue Sharing Program, which we got through Jack Brooks' Government Operations Subcommittee over his opposition. Our strategy is to pass the bill on the floor of the House without amendment so that it can be added to the Tax Conference Report and sent back to the Senate for its concurrence.

The major threat to this strategy is an effort by Les Aspin to change the funding formula from one based on unemployment to one based on tax effort. Since his amendment benefits more House members than it hurts, it has a chance of passage. If it passes, the Senate would be in disagreement, and the possibility of having any Countercyclical Program is jeopardized. We have spent most of this week concentrating on this fight.

The Tax Conference Report is to be taken up on the House floor immediately after the consideration of Countercyclical Revenue Sharing, and there should be no problem other than that posed by agreement on Countercyclical Revenue Sharing.

The House Ways and Means Committee will begin hearings on the tax portion of the Administration's energy package on May 16. Hearings are scheduled to be completed and markup to begin by June 3. The Committee has adopted a tentative mandate to report the measure to the Ad Hoc Committee on Energy by July 13. The current plan is to have the entire package considered by the House in early August prior to the summer recess.

By a vote of 36 to 2, the House Banking Committee on Tuesday approved a two-year extension of COWPS. It also increased appropriations by \$500,000 and inserted language to strengthen the Council's purpose to control inflation.

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We took two initiatives this week in the World Bank in pursuit of our human rights policies. Paraguay had been resisting a visit from the Inter-American Commission on Human Rights. When a key vote came up on a loan, we were able to get them to reverse their position by making our vote conditional on the group's admittance. We also made a strong statement regarding Ethiopia in abstaining on two loan votes. Both examples illustrate the value of flexibility in U.S. voting decisions, and buttress the arguments against the rigid Harkin-Badillo language. Debate on this issue continues in Congress this week.

The Senate Foreign Relations Committee voted out our full request of \$5.1 billion of authorizations for the international banks in FY 1978. Senate passage seems quite likely. However, the toughest hurdle--the Appropriations Committees--will begin soon to markup the FY 1978 appropriations request of \$2.6 billion. We will be proposing some White House involvement in the effort to win full funding.

The existing authorization for individuals to expend funds for travel to Cuba has been broadened. Travel agents can now make arrangements for tours; charter flights and cruises can proceed freely; and credit card and travelers' check facilities are authorized. However, regularly scheduled air and sea service to Cuba, and direct financial relationships between American banks and Cuban banks related to travel, are not permitted, pending further improvements in our relations with Cuba.

Imported car sales reach an all-time monthly high in April. Reportedly spurred by the Administration's energy conservation plans for Americans, sales of imported cars topped 200,000, to set a new record for a single month. The four U.S. auto makers said their late-April sales, the first period following your energy message, increased 3% over last year and were the third highest in history.

An extensive monitoring program of all non-rubber footwear has been initiated by the Customs Service. The resultant reports will facilitate the negotiation of orderly marketing agreements and allow prompt detection of departures from normal trade patterns.

We will be chairing a meeting in Paris on Monday of potential donors of bilateral assistance to Portugal. It is our hope that a package of about \$800 million can be constructed for the next 15 months. The U.S. share would be \$300 million, for which legislation has been submitted.

Treasury has developed its proposed 1977 policies on "financial institutions reform." Our broad goals are: (a) to lower the barriers to competition among depository institutions--banks, savings banks, credit unions, etc.; and (b) to eventually eliminate deposit interest rate ceilings and the current statutory differential of 1/4% favoring thrift deposit rates.

Previous Administrations have introduced omnibus legislation in this area, trying to reform our credit system in one step. These pieces of legislation were too ambitious and have failed. Accordingly, we propose to introduce legislation using a selective approach.

Specifically, Treasury will recommend that legislation be introduced shortly to: (a) permit depository institutions to pay interest on household checking balances; and (b) to permit the Federal Reserve to pay interest on the reserves which its members hold at the Fed.

A phased-approach (households only) to interest on demand deposits makes sense because it would promote competitive equity, enable individuals to earn an explicit return on their balances, which large businesses already earn, and because it already is occurring among State-chartered institutions, particularly in New England.

Lastly, permitting the Federal Reserve to pay interest will help it stem the rate of bank attrition from membership in it. The level of interest payable to members, which would govern Treasury's revenue loss, has not been precisely determined but will not exceed approximately \$250 million.

The outstanding balance on the loan to the Lockheed Aircraft Corporation from the government has now been reduced from \$250 million to \$80 million. Barring unforeseen developments, the banks might release the government from its guarantee obligations this summer or fall. The U.S. has not paid out any money during the period of this loan guarantee, and has collected over \$25 million in guarantee fees and income on the investment of its fund in Treasury bills.

The IRS has implemented a program to assist taxpayers who feel their federal tax problems are not receiving prompt, appropriate attention through normal IRS channels. The program is designed to determine the nature, volume, and causes of problems and to provide remedies for the taxpayer and an insight for IRS management into the nature of the most common problems so that action can be taken to correct them.

The Customs Service continues to make large seizures of heroin, cocaine and marijuana. If the current trend continues, Customs can expect to seize over 200 pounds of heroin, over 800 pounds of cocaine, and over 1,000,000 pounds of marijuana by fiscal year end.

I appeared on NBC's Today Show the day after my return from the Summit, and spoke the next night to 1200 members of the Economic Club of Chicago. This Sunday I will be appearing on ABC's Issues and Answers, giving me another opportunity to discuss the results of the Summit.



W. Michael Blumenthal



THE SECRETARY OF THE TREASURY
WASHINGTON 20220

May 11, 1977

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PRIORITY

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MEMORANDUM FOR THE PRESIDENT

It is time to take stock of where we stand on the economic situation.

It is on everyone's mind. Your success in building a healthy economy will remain a major prerequisite for your other key policy initiatives and thus for the success of your Administration.

1. The single most important development so far is the growth of confidence in your policies by economic decision-makers (consumers and businessmen).

You very correctly made that point at the Summit. I am much encouraged to see how business - with some grudging surprise, but with great pleasure - is recognizing openly that the Carter Administration can be relied upon as "responsible". This feeling is increasingly shared by a broad range of middle-class people who worry about inflation. You are overcoming the traditional suspicions of business and others about the proclivity of free-spending Democratic Presidents because of your actions on:

- a) The rebate.
- b) Trade (shoes and sugar).
- c) The anti-inflation program, which shows your concern with this issue.
- d) The water projects and your generally tough attitude on spending.
- e) Your stated determination to balance the budget.

Although often derided by those who want big spending programs, "confidence" is one of the critical ingredients in getting the right kinds of decisions made throughout the economy. It is also immeasurable, volatile, and subject to

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rapid change. None of the forecasters know how to account for it in their economic models and no economist, whether Keynesian, Monetarist, or anything else, really knows how to deal with it.

It's this which causes economics to be such an inexact science, makes economic forecasting so inaccurate and so often proves economists wrong. Yet, it is as critical as anything else in determining the level of spending and investment and hence the number of jobs we create and the level of inflation that relates to it.

2. We must now build on and extend the confidence your policies have created. The major cloud on the horizon is inflation.

I am worried about the course of inflation. It is not at all sure that the large jumps of the last three months in the wholesale price index (8.6%) and the consumer price index (8.4%) are likely to abate as quickly as we had hoped.

Since unemployment is moving down well and we are likely to meet our targets for this year and next in this area, the key thrust for economic policy for the remainder of '77 and into '78, therefore, must be the fight against inflation.

3. The important economic decisions you will have to make in coming months must now take the inflationary problem into account more than ever before.

Specifically, we must make sure that we assess the impact on inflation of each significant decision in:

- a) Farm policy and price supports.
- b) Trade (The level of imports under voluntary agreements for TVs, shoes, etc., are critical. The less we let in, the greater the price rises.)
- c) Negotiating changes in the energy program (and particularly the tax aspects of it) as it moves through the Congress.

The impact on inflation must be analyzed at all times as we consider alternatives and develop our strategies vis-a-vis the Ways & Means and Senate Finance Committees.

4. We have to work ever more closely with Business and Labor to make them inflation conscious, without resorting to controls and without making them mad.

- a) We will work toward that end with the Meany-Jones group.
- b) We must also build on the limited successes we have scored with voluntarism (i.e. as in the recent steel price decisions.).
- c) I shall also do my utmost to use the EPG to keep the focus on the inflation issue.
- d) In our public posture, we must emphasize at all times that the fight against inflation, is not antithetical to the creation of jobs or social programs but on the contrary, a prerequisite for them.

WMB

W. Michael Blumenthal

WMB:la

EXECUTIVE OFFICE OF THE PRESIDENT
COUNCIL ON ENVIRONMENTAL QUALITY
722 JACKSON PLACE, N. W.
WASHINGTON, D. C. 20006

May 13, 1977

ONE PAGES ONLY AND SEEN.

MEMORANDUM FOR THE PRESIDENT

FROM: Charles Warren CW
Gus Speth
Marion Edey

SUBJECT: CEQ Weekly Status Report

Beginning this week, we will be sending you each Friday a brief report on the status of key CEQ activities. Our first report follows:

Environmental Message: Continued to work on final draft with White House speechwriters and Domestic Council staff.

Alaska Gas Pipeline: Speth will conduct public hearings next week in Alaska on the adequacy of the environmental impact statements on this project.

1977 Federal Water Pollution Control Act Amendments: Worked with EPA to map out major issues for Administration consideration.

Tuna/Porpoise: Worked with OMB, Domestic Council and other agencies to prepare testimony on House amendments to the Marine Mammal Protection Act and to develop proposed Administration bill for submission to the Senate.

THE WHITE HOUSE
WASHINGTON

May 16, 1977

The Attorney General -

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

Re: Freedom of Information



Office of the Attorney General

Washington, D. C. 20530

May 13, 1977

THE PRESIDENT HAS SEEN.

RE: Principal activities of the Department of Justice for the week of May 9 through 13

1. Agreement Reached on Introduction of Wiretap Bill

The last issue for negotiation with Senator Kennedy was the standard by which a warrant could be obtained for electronic surveillance of foreign visitors for intelligence purposes. This issue was resolved late last night to the satisfaction of both the FBI and Senator Kennedy. Upon reaching this agreement we now have a wiretap bill satisfactory to the intelligence community, the Attorney General, and its principal Senate sponsors -- Kennedy, Bayh, and Inouye. This bill will require that all electronic surveillance within the U.S. for foreign intelligence purposes can be conducted only pursuant to a judicial warrant procedure. Before the bill is formally introduced in the Senate and announced at a White House meeting, there will be an effort to assemble a broad bipartisan coalition of sponsors from the key committees in both houses of Congress.

2. LEAA Reorganization

At the request of the Attorney General, a group of Department of Justice employees has been conducting an intensive examination of LEAA organization and programs. That group will be reporting its recommendations concerning reorganization to the Attorney General within the next few weeks. This past week, members of the group met with OMB officials to coordinate the Department's activities with the reorganization efforts of OMB.

3. Special Prosecutor Legislation

The Department testified in support of the Ribicoff bill to provide for the appointment of a temporary special prosecutor in the event of supported allegations of federal criminal law violations by the President, Vice President, Cabinet members, directors of FBI and CIA, and top White House staff.

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4. Testimony before the Antitrust and Monopoly Subcommittee

On Tuesday, the Attorney General testified on anti-trust policy for over two hours before Senator Kennedy's Antitrust and Monopoly Subcommittee of the Senate Judiciary Committee. The Subcommittee praised the Attorney General for his commitment to a vigorous antitrust enforcement policy; the Attorney General promised to submit to the Subcommittee a complete report on the Antitrust Division's efforts in and plans for antitrust enforcement in the energy industry.

5. FBI Investigation

The Attorney General continues to follow new leads in the FBI break-in case in New York. The Attorney General stated publicly on Wednesday that a new grand jury will be empaneled in the District of Columbia next week to hear additional evidence, and that he was reserving a decision on further indictments until he had more information.

On Tuesday morning a front-page New York Times story discussed specific recommendations for additional prosecutions that have been made to the Attorney General by the Department lawyers working on the case. On Tuesday afternoon, the Attorney General met personally with everyone who is known to have had access to these recommendations (some of whom were summoned to the meeting from other cities), and ordered the Office of Professional Responsibility to conduct a thorough investigation -- using FBI agents and sworn affidavits -- to try to determine the source of this story.

6. Meetings and Events

During the past week the Attorney General met with Tom Erlich, the President of the Legal Services Corporation, to discuss the proposed magistrates legislation. The Attorney General and his staff held a 90-minute meeting with a leadership coalition of Mexican Americans from Southern California and Texas concerning the problems of the Immigration and Naturalization Service and to discuss the groups' concerns with the undocumented alien program. A meeting was held with Clarence Kipps, the Chairman of the Court of Claims; a trial helicopter trip to the emergency special facility at Mount Weather was taken. Judge Bell participated in the unveiling of Chairman Peter Rodino's

portrait in the House Office Building; he participated in a meeting with the President and the Senate Intelligence Committee; and he participated in the swearing-in of Leonel Castillo. The Attorney General and his staff also met with Stuart Eizenstat and Bob Lipshutz, along with several of their staff, in the Attorney General's office to discuss methods of better coordination and communication on matters of mutual concern between the White House and the Department of Justice.

The Attorney General publicly released a directive setting forth the rules governing his conflicts of interest. Copies were furnished also to members of the Senate Judiciary Committee.

James Moorman, the nominee to be Assistant Attorney General of the Lands and Natural Resources Division, has reported to the Department.

On Friday, twenty-three former law clerks of the Attorney General held a reunion with him at the Department of Justice.

7. Freedom of Information

The Attorney General made public a letter he wrote on May 5, 1977 advising the heads of all federal departments and agencies to view Freedom of Information requests liberally. *is "generated"*

8. Immigration & Naturalization Service

General Leonard Chapman resigned as Commissioner upon Leonel Castillo's swearing-in.

During the month of March, Immigration Service officers apprehended 95,554 deportable aliens. This one month figure exceeds Service apprehensions for the entire FY 1965. Over 82% entered without inspection across the U.S./Mexico border including the over 47,000 claiming entry across the California/Mexico border. Border Patrol officers stationed along the U.S./Mexico border accounted for over 79,000 of the deportable aliens located. The March apprehension figure for the Service is the highest single month total in over 20 years.

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THE WHITE HOUSE
WASHINGTON

May 16, 1977

Secretary Marshall -

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

cc: Tim Kraft

Re: Project HIRE, Steelworkers
Election, OSHA Regulations.

cc Marshall
Kraft

DEPARTMENT OF LABOR
OFFICE OF THE SECRETARY
WASHINGTON

"FYI"

cc: Hay
J

VT

BY MARSHALL R.M.

1 Activities, May 7-13

ADMINISTRATION

Project HIRE

As you know, you are scheduled to attend the meeting of the Project HIRE Steering Committee at the White House on May 19. Given the importance of providing jobs for veterans, we are working with your staff to set up a larger HIRE conference in early June. I consider your participation in the June conference to be important for several reasons. One is to provide inspiration for the business community upon whom the success of Project HIRE depends. A second reason is to call attention to the program which is the centerpiece of our efforts to find jobs for Vietnam-era veterans.

prob.
no

Youth Bill

The House version of the youth bill will be brought to the House floor on Monday, May 16. Floor action in the Senate is not expected until May 23, and may be delayed until after the Memorial Day recess.

LABOR MANAGEMENT SERVICES ADMINISTRATION

Steelworkers

We expect to receive within the next week a formal request to investigate the Steelworkers election held in February. Such an investigation will be a massive undertaking and we are making preparations for it.

see no
reason
for a
massive
investigation.
It won't close -

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East Coast Longshoremen

On May 12, an agreement was reached between the East Coast Longshoremen and the shipping companies not to strike and to reopen negotiations on June 15.

LABOR LAW REFORM

We have completed our analysis of the AFL-CIO's proposed labor law amendments. On May 11, I met with Tom Donahue of the AFL-CIO to review their proposals and learn what their priorities are. Additional meetings will be held next week.

ERISA (Employee Retirement Income Security Act)

We are working with the Internal Revenue Service to eliminate the problems caused by our shared responsibility for administering the pension program. This week Assistant Secretary of Treasury, Larry Woodworth and Assistant Secretary of Labor, Frank Burkhardt, both testified before the Senate Finance Committee on the subject. We will meet with the Internal Revenue Service next week to discuss further ways of dealing with these jurisdictional problems.

PUBLIC EVENTS

My Day in an Unemployment Insurance Office

I spent May 10 working in an unemployment insurance office in Pawtucket, Rhode Island. Most of my day was spent processing unemployment claims and interviewing the long-term unemployed. This visit was the second in a series of events designed to give me a better understanding of Labor Department programs at the grass-roots level. *9-12*

Undocumented Workers

On May 13, I spoke before the American Immigration and Citizenship Conference in New York. My speech focused on undocumented workers and tried to explain the urgent need to deal with the problem. I only discussed your forthcoming proposals on the subject in the most general terms.

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OSHA regulations:
Believe health
should be detailed
safety much
more general

OCCUPATIONAL SAFETY AND HEALTH ADMINISTRATION

Next Thursday I will hold a press conference to unveil OSHA's new enforcement strategy. This strategy will focus on the most hazardous industries and take a more conciliatory approach to small business.

WELFARE REFORM

On Thursday I testified before the Finance Committee on the Administration's Welfare Reform proposals. As you may know, during the testimony, Senator Moynihan raised questions about the nature of the jobs to be provided to welfare recipients. Senator Long was supportive of the jobs proposal and suggested increased use of State demonstrations to test out various aspects of the proposals.

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THE WHITE HOUSE
WASHINGTON

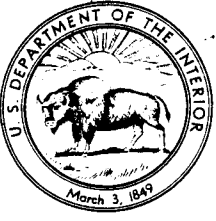
May 16, 1977

Secretary Andrus -

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

Re: Chris Delaporte



THE SECRETARY OF THE INTERIOR
WASHINGTON

May 12, 1977

1977 MAY 13 PM 1 33

THE SECRETARY OF THE INTERIOR

MEMORANDUM TO THE PRESIDENT

FROM: The Secretary of the Interior

SUBJECT: Major Topics for the Week of May 9

No crises this week to bother you with.

Strip mine bill is in final mark-up. It isn't everything we wanted but we won most of the points. ✓

Our new Outer Continental Shelf lease schedule will be completed next week. I believe that both industry and the environmental community will find it acceptable. ✓

The land exchange program for the Redwood National Park expansion is receiving opposition from smaller sawmill operators because they look to public lands for their resources. We will work it out. ✓

Not knowing whether you saw last week's memorandum or not, let me repeat that Chris Delaporte is now the Director of the Bureau of Outdoor Recreation and doing very well. ✓ good

The Secretary's office has reduced appointive positions by 32 percent. A dollar savings of \$360,000 annually. ✓

Cecil D. Andrus
CECIL D. ANDRUS

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THE WHITE HOUSE
WASHINGTON

May 16, 1977

Charlie Schultze -

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

Re: Tax Reform

THE PRESIDENT HAS SEEN.

THE CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

May 13, 1977

1977 MAY 13 PM 2 54

MEMORANDUM FOR THE PRESIDENT

FROM: Charlie Schultze *CS*
SUBJECT: CEA Weekly Report

Energy Testimony. On Thursday, Mike Blumenthal, Bert Lance and I testified before the House Ad Hoc Energy Committee on the economic impact of the energy plan. CEA staff members assisted me in writing the testimony and prepared extensive background material for my use during the testimony. Next Tuesday, I will appear before the House Ways and Means Committee to discuss again the economic impact of the program.

Tax Reform. The Treasury has briefed CEA members and staff on the tax reform proposals. We are examining the impact of the proposals on capital formation and investment incentives, and on income distribution. We also are considering some alternative reform measures, and conducting other research with respect to tax reform proposals. Some preliminary observations on these matters will be available for our meeting next week on tax reform.

*No
basic
principles
established
yet -*

Council on Wage and Price Stability. Lobbying by my staff, with an assist by Frank Moore's staff, managed to push the legislation extending the life of the Council on Wage and Price Stability through the House Banking Committee by an overwhelming 36 to 2 vote. Both dissenters were Republicans. We will face tough votes on the House floor and in the Senate, however.

OECD Meeting. Member Lyle Gramley, and staff aides, were in Paris this week at meetings of two working parties of the Organization for Economic Cooperation and Development.

Agency for Consumer Action. My staff assisted Esther Peterson's staff in preparing lobbying material in anticipation of the committee votes this week in the Congress on ACA legislation. That lobbying defeated one particularly unacceptable amendment proposed in the House. The Senate, however, passed a similar amendment calling for cost/benefit analyses of all federal regulations. We will continue working to defeat or modify this provision of the bill, which would introduce major complications into our Economic Impact Analysis program and into the regulatory process generally.

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE
WASHINGTON

C

5/16/77

Mr. President:

When the return-dinner conflict became apparent, Gary Sick (of the NSC) and Sid Sober (State Dept.) talked with the Saudis, and discussed several alternatives, including change of date for the State visit, or change of date for the return dinner.

Another gesture was to ensure the Vice-President's attendance, which was a solution agreed upon by the Saudis.

With VP's attendance, they are satisfied with return-dinner date, and are not "livid".

Sharp staff work would have anticipated the conflict in the first place. Betty Beale is obviously ecstatic at being able to headline ~~a~~ our 'goof'.

TK

Jim

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A Goof: Everyone Has to Be Someplace

The White House goofed. The State Department goofed. And the Saudi Arabians, faced with a seeming snafu, have a right to be livid.

President Carter invited King Khalid of Saudi Arabia to come to Washington for the kind of two-day working visit that the Israeli prime minister, President of Egypt and King of Jordan have already had. When it was known that Khalid's illness (an arthritic hip bone was replaced) would keep him from coming, the President's invitation was extended to the King's brother, Crown Prince Fahd. The date chosen by the President for the working dinner for Fahd was May 24, and despite complications, that is the date the protocol office is going ahead with.

As with the other Arab visitors, a dinner at Anderson House in honor of the crown prince was planned by his ambassador for the next evening. Although Carter announced early in his term he would not attend return embassy functions for state visitors, such functions have been standard procedure for the second night. Both the Egyptian and Jordanian dinners drew brilliant assemblages of VIP guests.

But, alas, nobody at the State Department seemed to know that the President was making his first speech at a major Democratic fundraiser the night of May 25, which would draw the big wheels of Congress. In fact, the \$500-a-plate dinner at the Washington Hilton is in honor of Senate leaders Robert Byrd, Alan Cranston, Daniel Inouye, James Eastland, Hubert Humphrey, and House leaders Tip O'Neill, Jim Wright, John Brademas and Tom Foley. So naturally all would send regrets for the Saudi dinner for the crown prince. But somebody on the President's staff should have been aware of the conflict.

Vice President Mondale and most of the cabinet were expected at the Democratic celebration, too, but faced with an international faux pas, Mondale has accepted the Saudi dinner. It remains to be seen what other influential Democrats in Congress and the White House pay America's richest ally the compliment of accepting.

REGINE'S IN WASHINGTON? Can it be true? Is the Frenchwoman, who has made her nightclubs in Paris, New York, Monte Carlo and Rio the MUST nightspot in each city, going to open a Regine's in Washington? The answer is yes — for one night. Regine, herself, is coming here on June 10 (hopefully without the boa constrictor she had with her in Los Angeles last November) to float in and out of "Regine's Room" in the Swedish embassy the night of the opera ball.

It seems unlikely, though, that that room will bear any resemblance to the outdoor setting which is supposed to be reminiscent of Gripsholm Castle. A drawbridge will lead to the front door of the Nebraska Avenue residence, which will be guarded by men in costumes of centuries past. The marquee over the terrace, where Peter Duchin will beat out dance rhythms, will be hung with gold crowns and ribbons.

There will be a Viking ship in the background, and everywhere will be castle-like banners handpainted by

Betty Beale

Countess Ulla Wachtmeister, wife of the Swedish ambassador, who is starred in the May issue of House and Garden, was featured in the March issue of Washingtonian, the Christmas issue of Dossier and in a recent New York Times article.

Subscribers at \$125 each (\$100 tax deductible) get "A Night at Gripsholm Castle" with Regine and heaven knows who else, plus dinner beforehand at one of the 15 or more top embassies in Washington.

AND NOW, AS PAGE LEE SEES IT: Washington society girl Page Lee Hufty says she isn't King Hussein's favorite American, is not and never has been his girl friend. He is just a friend. Both Page Lee, herself, and Jordanian Ambassador Abdulla Salah say she was not invited to the Jordanian dinner at Anderson House for the King. As for Page Lee visiting him at Blair House that turned out to be fictitious talk. His majesty wasn't even at Blair House during the specified period.

And, to keep the record straight, the party Bob and Joanne Herring gave for Hussein in Houston was a reception not a dinner. The King went on to dine at the George Bushes, with his old friend Nelson Rockefeller. But Hussein stayed at the Herring's for quite a while and seemed to have a charming time.

NANCY KISSINGER said she and Henry loved staying in the palace with Princess Grace and Prince Rainier in Monte Carlo, that Princess Caroline is not only beautiful but is brilliant, that women in Europe are wearing many more dresses than pants suits but she loves the latter, that Arabs were buying the finest antiques at Partridge's, the top antique shop of London, without even asking the price, and that everything about their trip was marvelous, except the very cold weather.

The Kissingers were honored at a dinner the other night by Argentine ambassador and Mrs. Jorge Espil. The ex-Secretary of State, who said

he's been trying "to get used to a Secretary of State who, as far as I am concerned, speaks with an unusual accent," has never been to Argentina and only met his host at the Pan American Union swan song for Kissinger in January. But he feels that a country trying to cope with armed terrorists needs some U.S. support. The nations of this hemisphere are so close, he said in his toast, that when we differ "it's harder to bear."

"I believe the efforts being made in the Argentine are in the direction that will be, in the long run, of significance to the entire hemisphere and that the evolution will be in the direction that represents the values for which our people have always stood."

The Joe Siscos, the Philip Buchens, the John Jovas, and former Ambassador to Argentina and Mrs. Edwin Martin were among the 20 guests. American University president Sisco will shortly take his wife on her first visit to the People's Republic of China, where he plans to buy a slew of cashmere sweaters. "Where else can you get cashmere sweaters for \$9?" agreed Nancy, who asked him to bring back some more of the China she bought at the Friendship Store in Peking. "I bought 12 plates, but Henry asked, 'Don't you ever expect to break one?'"

"ALL THE ENGLISH BOX in this area will be killed," said prominent Washington physician Howard Grennan at the Bill FitzGerald's garden party. Grennan has a garden-full of boxwood, some of it 100 years old, so when leaves began turning brown, he checked it out with the Department of Agriculture and the University of Maryland. Neither could find any cause for it, but they told him it was not winter kill, but a disease that could affect all the English box in this vicinity.

But there were smiles on the faces of former Secretary of the Navy Bill Middendorf, noted sculptor John Safer and host FitzGerald. All three are involved in the purchase, finalized this past week, of the Union First Bank of Washington and some other banks under the parent Financial General. Middendorf is also one of the purchasers of Sloan's auction house that has been revitalized, refurbished and is now being advertised nationally.

Former Secretary of the Air Force and Mrs. Bob Seamans looked happy about their forthcoming move to MIT in Cambridge where Bob will hold the Henry Luce chair. The former head of NASA and the Energy Research and Development Agency can teach just about what he chooses, with his broad scientific knowledge.

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THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

May 16, 1977

MEMORANDUM FOR THE PRESIDENT

FROM:

BOB LIPSHUTZ

MARGARET MCKENNA

DOUG HURON

RE:

Attorney General's Proposed
Magistrates Bill

INFORMATION MEMO

On Tuesday, May 17, the Attorney General will hold a press conference announcing the submission to Congress of a bill expanding the civil and criminal jurisdiction of Federal magistrates. The bill has been revised to meet objections to the initial draft emanating from HEW, the Legal Services Corporation, and the White House staff.

The bill represents an effort to reduce the caseload of Federal district judges. It authorizes magistrates to try and enter judgments in all civil actions if the parties consent. It also permits criminal defendants charged with serious misdemeanors to opt to have their cases tried before a magistrate and jury.

Finally, the bill provides for the upgrading of standards relating to the selection of magistrates.

Stu Eizenstat's staff has also examined the revised bill and agrees that the earlier deficiencies have been corrected.

cc: Stu Eizenstat

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THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

May 16, 1977

MEMORANDUM FOR:

THE PRESIDENT

FROM:

ESTHER PETERS

SUBJECT:

Congressman Sisk and the Agency for Consumer
Protection

I have been informed that Congressman Sisk has vowed to fight the
Consumer Protection Agency bill in the Rules Committee in the House.
I understand that he will be flying to California with you Tuesday and
you may want to talk to him about it sometime during the day.

W

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THE CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

May 16, 1977

MEMORANDUM FOR THE PRESIDENT

From: Charlie Schultze *CLS*

Subject: Industrial Production in April

The Federal Reserve Board will release figures on industrial production in April at 4:00 p. m. this afternoon. Industrial output is estimated to have risen 0.8 percent last month -- another healthy increase, though less than the March rise of 1.4 percent.

Increases in output last month occurred in virtually all categories of industrial activity, with the notable exception of autos. Auto assemblies declined moderately -- due in part to strikes, but also reflecting production adjustments to work down sizable inventories of small cars.

The April increase in industrial production is further evidence that economic growth in the second quarter will be well above the first quarter rate. As I indicated in my memo last week, we expect growth of real GNP in the second quarter to equal or exceed a 6-1/2 percent annual rate, and growth of industrial production to hit about a 10 percent annual rate.

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X

THE WHITE HOUSE
WASHINGTON

May 16, 1977

Stu Eizenstat-

Re: Steel Price Hikes

The attached was returned in the President's outbox and is forwarded to you for your information and appropriate action.

Rick Hutcheson

cc: The Vice President
Hamilton Jordan
Jack Watson
Tim Kraft
Charlie Schultze
Robert Strauss

THE WHITE HOUSE
WASHINGTON
May 14, 1977

Stu
C
/

THE PRESIDENT HAS SEEN.

MEMORANDUM FOR: THE PRESIDENT
FROM: STU EIZENSTAT
SUBJECT: Response to your request for possible Presidential action to show concern over recent steel price hikes

At your request I have pulled together potential steps which you might take to put pressure on the domestic steel industry to reduce their recent price hikes. Memoranda for you, done at my request, are attached from Chairman Schultze (Tab A) and Ambassador Strauss (Tab B). Both of these memoranda make the following points:

--- While your leverage as President on the steel industry (other than through jawboning) is limited in the international trade area, there are some actions which could be taken.

1) Tariff Reductions under The Trade Act must be negotiated. Tariffs for major steel products are already very low and are not presently an effective barrier against imports even at this time. The United States would receive little practical benefit in return. Nevertheless, an indication of the fact you are looking into this area might send out some chilling signals to the steel industry.

2) Quotas on speciality steel also have little impact on U.S. steel imports since such quotas cover only 2 percent of the total. In order to further reduce these quotas, you must ask for advice from the International Trade Commission. The EPG will recommend to you in a memorandum you will shortly receive, that you ask the ITC to formally review the import quotas. This will send a clear signal (one, I might add, which both labor and industry will vigorously oppose), but the impact on the major steel companies who have recently raised their prices will be minimal since specialty steel accounts for such a small percentage of total industry

Sounds
best

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shipments and revenues and is produced by such a relatively small and specialized group of firms. This would, therefore, have little impact on the larger steel companies such as U.S. Steel and Republic Steel Company, which recently raised their prices. It might have an impact on the specialty steel producers who have announced price increases of 8 percent on their production since May 2. }

3) You could indicate that you are considering reducing the "Buy America" preference which U.S. steel producers have in light of their price increases. However, government purchases of steel mill products are not a large portion of the U.S. steel market and, as Ambassador Strauss points out, such reductions might reduce our negotiating leverage in the multilateral trade negotiations as well as with Congress.

4) One other potential action not mentioned in either memorandum is with respect to the 301 Case that the steel industry is presently arguing before the Special Trade Representative. Their argument is that the steel agreement between Japan and the European community is hurting the U.S. industry by directing Japanese steel exports from the European community to the United States and that the U.S. should therefore retaliate. There is some question as to whether the domestic industry has proven its case. You might consider an indication that the STR does not at this time look favorably on the industry's petition and that recent inflationary price rises indicate that the industry apparently is not really feeling the impact of increased Japanese competition.

I would recommend that before you consider any of the potential steps outlined herein and in the memoranda, that you have a meeting with Secretary Blumenthal, Ambassador Strauss, Chairman Schultze and Director Lance. In addition, the Congressional leadership should be informed before any such steps are taken.

You should be certain that the 6 percent increase is not fully justified. According to Mr. Schultze's memorandum, an analysis by the Council on Wage and Price Stability indicates cost increases in recent years have not been recovered by price increases and that a 6 percent or higher price rise would be necessary to recover those costs. Of course, the sacrifices which must be made in the fight against inflation must begin somewhere, and price increases such as this in the steel industry will have a ripple effect throughout the economy.

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THE CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

May 12, 1977

MEMORANDUM FOR THE PRESIDENT

FROM: Charlie Schultze

SUBJECT: Steel Price Increases

This is in response to your request for an outline of the pricing situation in the steel industry and for a discussion of the options open to you through international trade policy to respond to recent steel price increases.

At the outset, you need to distinguish between specialty (alloy) steel products and carbon steel products. Specialty steel, which accounts for about 2 percent of total industry shipments and a somewhat higher fraction of total revenues, is produced by a number of relatively small and specialized firms. The large steel companies, such as U.S. Steel or Republic Steel, almost exclusively produce carbon steel products, which account for about 98 percent of steel shipments.

Specialty Steel

Since May 2, three specialty steel producers have announced price increases of 8 percent on their products. None of these price increases has since been rescinded.))

It is in this segment of the industry that you have the greatest leverage through the use of trade policies. In 1976, President Ford imposed quotas on imports of certain specialty steel products following a finding by the International Trade Commission that the industry had been injured by import competition.

Under the Trade Act of 1974, you are authorized to ask the ITC, along with the Secretaries of Labor and Commerce, to review those quotas. Subsequent to that review, you may modify or remove the quotas. The Congress does not have the authority to override that decision. The

EPG has endorsed a proposal for a review of the steel quotas imposed by President Ford. You will shortly receive a memo recommending that you request such a review. You also will be asked to decide whether to order the review immediately or to wait for a period of months. *ok*

Carbon Steel

Within the past week, most major companies that produce carbon steel products have announced price increases. On May 6, a number of steel companies announced increases in the prices of their products of from 6.8 to 8.8 percent. U.S. Steel, on May 9, increased its prices by 6 percent on certain products. That is equivalent to a 3.5 percent increase in its revenues, when items on which there were no increases are taken into account. Since the U.S. Steel announcement, several other firms have announced virtually identical price increases. Three companies -- Republic, Lykes, and Youngstown Sheet and Tube -- have rolled back higher price increases and now are matching U.S. Steel.

Our discussions with the industry may have had some impact on the final price decisions, although it is very hard to tell:

- On May 5, the Board Chairman of Republic Steel, William DeLancey, discussed with Assistant Treasury Secretary Dan Brill, Bo Cutter, and me Republic's intended 7 to 10 percent increase in prices. We protested the size of the increase, but he was adamant at the time. The increase they did announce on May 6 reflected only a modest rollback to an average of 7 to 9 percent from 7 to 10 percent. Basically they did what they wanted.
- Bethlehem Steel officials telephoned the Council on Wage and Price Stability on May 9 to alert them to increases of up to 8.5 percent that they planned to announce at noon that day. At 11 a.m., U.S. Steel announced its lower increases. Bethlehem hastily withdrew its announcement and, on May 12, announced increases that are identical with U.S. Steel's.
- U.S. Steel Chairman Edgar Speer talked with Mike Blumenthal, Bert Lance and me on May 5 about general problems facing the industry, particularly competition from imported steel.

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After the general discussion, he told me that U.S. Steel was planning a 5-1/2 percent increase on all their products. U.S. Steel later changed this to a 6 percent increase on some products and no increase on others. These were the increases announced on Monday.

An analysis of the steel industry by the Council on Wage and Price Stability indicates that the industry has had cost increases in recent years that have not been recovered by price increases. A 6 percent or slightly higher price rise would have been necessary to recover those costs. This was only an estimate, however, and procedures for estimating industry costs and prices are imprecise. Since imported steel now is selling at prices well below domestic steel, full recovery of costs through higher prices clearly is questionable. I believe a 5 percent rise, rather than 6 percent, would have been appropriate; but the U.S. Steel 6 percent rise, and its 3-1/2 percent average impact, are clearly preferable to the Republic increases.

Foreign trade policy tools for responding to price increases on carbon steel products are quite limited. The United States imposes relatively low tariffs on imported steel (in the vicinity of 5-6 percent), but they could be reduced further. Also, the President, by Executive Order, can reduce the price advantage granted to American steel producers when competing for government contracts. The Special Trade Representative will be giving you a memo discussing these trade options.

Recommendation

Our first goal should be to avoid any quantitative restrictions that give rise to cartel-like arrangements in the steel industry. In light of the price increases reported recently in specialty steel, and price pressures in the industry generally, a review of the current quotas would be useful both from an economic point of view and as a signal to the industry of our determination to resist unwarranted price actions. I recommend that we proceed with that review immediately.

Specialty Steel Quotas

The specialty steel quotas also have little impact on U.S. steel imports as they cover less than two percent of the total. In order to loosen these quotas you would have to ask for advice from the U.S. International Trade Commission and it would be several months before you could take any action. The domestic specialty steel industry is already aware that we are seriously contemplating initiation of the necessary review process and we have given you a separate memorandum on this issue.

*Let's be
ready to
move on
this*

"Buy America" Preferences

U.S. steel producers (as well as other U.S. producers) now have a basic six percent price preference over foreign suppliers (12 percent in some cases) in U.S. Government procurement and a 50 percent preference in Department of Defense procurement. You could reduce these preferences, but not eliminate them. Government purchases of steel mill products are a relatively small portion of the U.S. steel market. Such reductions would reduce our negotiating leverage in the MTN, by showing how easily such preferences can be modified. This would also create problems in the Congress particularly if steel products alone are singled out for reduced preferences.

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THE WHITE HOUSE
WASHINGTON

May 16, 1977

Stu Eizenstat
Jack Watson
Frank Moore

The attached was returned in the
President's outbox and is forwarded
to you for your information and
appropriate action.

Rick Hutcheson

re: Hatch Act Revision Bill
(H. R. 10)

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

May 13, 1977

*ok
J*

MEMORANDUM FOR:

THE PRESIDENT

FROM:

STU EIZENSTAT
STEVE SIMMONS

Shu

SUBJECT:

Status Report on Hatch
Act Revision Bill (H.R. 10)

In your decision memorandum to us and your election reform message to Congress, you supported revision of the Hatch Act. You urged that federal employees in non-sensitive positions be freed of restrictions on voluntary, off duty political activity, and that a strong Civil Service Commission enforce against any on duty political abuses. An interagency task force was established to implement your policy directives and worked closely with the House Post Office and Civil Service Committee and its staff in amending H.R. 10, the Hatch Act revision bill introduced by Civil Service Subcommittee Chairman Bill Clay (D-Mo.). In full Committee mark-up Clay praised this effort as an example of "the cooperative relationship which will exist between the Congress and the Administration during the next four years."

H.R. 10 has been reported by the Committee, and will be voted on in the House next Wednesday, May 17. Although H.R. 10 is substantially in accord with the Administration's policy position, two provisions present policy problems for us. One restricts the political activities of Presidential appointees confirmed by the Senate such as cabinet members, and the other does not go far enough in keeping Hatch Act restrictions on federal employees such as IRS and FBI agents. After extensive consultation with Frank Moore's staff, House staff, and labor it was agreed that we should not raise these problems on the House floor since labor opposes us doing so, it would cause divisive debate in the House, it would lose key House members' support, these provisions can be changed in the Senate, and labor has pledged to change them in the Senate. Instead, it was decided to support H.R. 10 as reported from Committee in the House. It should be noted that labor considers this bill very important, and is strongly pressing us for support.

*Hold
them to
this*

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THE WHITE HOUSE
WASHINGTON

- > Mats - 80's E/w Stand
- > Pub wks - Tanaka
- > Trade assistance - Shoes
- > Oil spill legis
- > Air route - UK/US
- > Cabinet stop spending
- > Clean legis = OMB
- > TV - Shoes then p.m.
- > Congressional dinner
- > Brecker.
- > 5/26, 5/27 → June 2/6
- > Food 18% Xport 20%
- > Anti-trust
- > Undocumented aliens
- > Youth unemployment

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- > OSHA
- > L. 9, RR
 - > Steelworkers election
 - SALT - Cong leaders
- > Consumer led recovery
- > Welfare - Sta
- > Consultants - grants

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THE WHITE HOUSE
WASHINGTON

May 16, 1977

Frank Moore
Fran Voorde

The attached was returned in the
President's outbox and is forwarded
to you for your information.

Rick Hutcheson

Re: Mike Mansfield

THE WHITE HOUSE
WASHINGTON

MAY 16, 1977
9:10 a.m.

MR. PRESIDENT:

SENATOR MIKE MANSFIELD CALLED.

HE HAS REQUESTED THAT YOU RETURN
HIS CALL AT ABOUT 12:05 P.M.

TIM KRAFT

*Go to S Bend
c me on plane - also
wife - JC*

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THE WHITE HOUSE
WASHINGTON

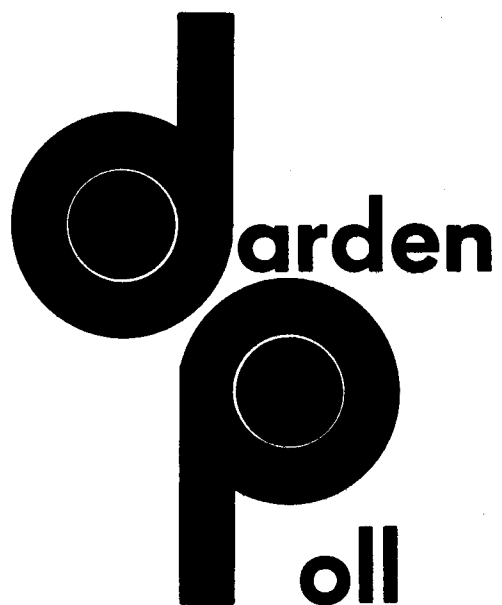
May 16, 1977

Hamilton Jordan
Jody Powell

The attached was returned in the
President's outbox and is forwarded
to you for your information.

Rick Hutcheson

Re: The Darden Poll



Copyright: Darden Research Corporation, 1977

You are hereby given authority to use the results of THE DARDEN POLL,
as long as they are used correctly AND THE DARDEN POLL is given
mentioned credit as the source. If you have any
questions, contact
DARDEN RESEARCH CORPORATION



THE DARDEN POLL

- A. SPONSOR OF POLL: Darden Research Corporation
Atlanta, Georgia
- B. METHOD OF INTERVIEWING: Telephone interviewing with persons
registered to vote in Georgia
- C. DATE OF INTERVIEWING: May 6-8, 1977
- D. SAMPLE SIZE: 501
- E. STATISTICAL ACCURACY: $\pm 4.4\%$ at the .50 vs. .50 split in
data and $\pm 2.6\%$ at the .10 vs. .90
split in data within the 95% con-
fidence level
- F. SAMPLING DISTRIBUTION: A probability sample of registered
voters in Georgia was used for this
study. The following sampling points
were used:

Atlanta
Savannah
Macon
Valdosta
Brunswick
Waycross
Statesboro
Dublin
Douglas
Jesup
McRae
Perry
Vidalia
Reidsville
Hinesville
Alma
Folkston
Cochran

Columbus
Albany
La Grange
Griffin
Moultrie
Americus
Thomaston
Newnan
Bainbridge
Tifton
Cordele
Quitman
West Point
Thomasville
Augusta
Athens
Gainesville
Milledgeville

Toccoa
Elberton
Thomson
Millen
Clayton
Sparta
Dahlonega
Monroe
Hartwell
Sylvania
Rome
Dalton
Carrollton
Cedartown
La Fayette
Calhoun
Blue Ridge
Bremen

Question 2: "Currently your STATE Senators and STATE Representatives are elected for 2 year terms. It has been suggested that they be elected for 4 year terms. Would you prefer that they be elected for a 2 or 4 year term of office?"

RESPONSE	OUTSIDE OF ATLANTA	METROPOLITAN ATLANTA	TOTAL RESPONSE
2 Year	40.8%	52.2%	43.9%
4 Year	44.6%	36.2%	42.3%
Undecided	14.6%	11.6%	13.8%

Question 3: "Overall, do you think George Busbee is doing a (READ LIST) as Governor of Georgia?"

RESPONSE	OUTSIDE OF ATLANTA	METROPOLITAN ATLANTA	TOTAL RESPONSE
Very Good	16.5%	16.7%	16.6%
Good	49.6%	58.0%	51.9%
Fair	24.0%	17.4%	22.2%
Poor	1.7%	3.6%	2.2%
Very Poor Job	0.3%	1.4%	0.6%
Don't Know	8.0%	2.9%	6.6%

768

Question 4: "Overall, do you think Sam Nunn is doing a
(READ LIST) as a U.S. Senator from Georgia?"

RESPONSE	OUTSIDE OF ATLANTA	METROPOLITAN ATLANTA	TOTAL RESPONSE
Very Good	17.9%	18.1%	18.0%
Good	46.6%	50.7%	47.7%
Fair	21.5%	21.0%	21.4%
Poor	0.8%	3.6%	1.6%
Very Poor Job	0.8%	1.4%	1.0%
Don't Know	12.4%	5.1%	10.4%

766

Question 5: "As you might know, there will be an election
next year in Georgia for Governor. If George
Busbee chooses to run for reelection, do you
think you would vote for him?"

RESPONSE	OUTSIDE OF ATLANTA	METROPOLITAN ATLANTA	TOTAL RESPONSE
Yes	48.5%	41.3%	46.5%
No	7.2%	16.7%	9.8%
Undecided	44.4%	42.0%	43.7%

Question 6: "Also, next year, we will elect our U.S. Senator. If Sam Nunn chooses to run for reelection, do you think you would vote for him?"

RESPONSE	OUTSIDE OF ATLANTA	METROPOLITAN ATLANTA	TOTAL RESPONSE
Yes	53.4%	47.1%	51.7%
No	8.0%	15.2%	10.0%
Undecided	38.6%	37.7%	38.3%

Question 7: "Do you think there really is an energy crisis?"

RESPONSE	OUTSIDE OF ATLANTA	METROPOLITAN ATLANTA	TOTAL RESPONSE
Yes	65.3%	71.7%	67.1%
No	16.8%	21.0%	18.0%
Don't Know	17.9%	7.2%	15.0%

Question 8: "Overall, do you think President Carter is doing a (READ LIST)?"

RESPONSE	OUTSIDE OF ATLANTA	METROPOLITAN ATLANTA	TOTAL RESPONSE
Very Good	27.5%	19.6%	25.3%
Good	38.0%	44.2%	39.7%
Fair	18.7%	22.5%	19.8%
Poor	3.3%	4.3%	3.6%
Very Poor Job	2.2%	3.6%	2.6%
Don't Know	10.2%	5.8%	9.0%

Question 9: "Do you trust President Carter to always tell the truth?"

RESPONSE	OUTSIDE OF ATLANTA	METROPOLITAN ATLANTA	TOTAL RESPONSE
Yes	67.5%	57.2%	64.7%
No	23.1%	40.6%	27.9%
Don't Know	9.4%	2.2%	7.4%

Question 10: "As you probably know, there are 3 Georgians in cabinet level positions in Washington: Andrew Young as the Ambassador to the United Nations, Bert Lance as Director of Management and Budget and Griffin Bell as Attorney General. Based upon what you have seen and heard, I want you to rate each one of these people.

Question 10a: "Andrew Young: do you think he is handling his job in a (READ LIST) manner?"

RESPONSE	OUTSIDE OF ATLANTA	METROPOLITAN ATLANTA	TOTAL RESPONSE
Very Good	8.0%	6.5%	7.6%
Good	20.9%	29.0%	23.2%
Fair	30.9%	27.5%	29.9%
Poor	9.4%	15.2%	11.0%
Very Poor	9.4%	11.6%	10.0%
Don't Know	21.5%	10.1%	18.4%

> 31

Question 10b: "Bert Lance: do you think he is handling his job
in a (READ LIST) manner?"

RESPONSE	OUTSIDE OF ATLANTA	METROPOLITAN ATLANTA	TOTAL RESPONSE
Very Good	16.3%	24.6%	18.6%
Good	43.5%	37.7%	41.9%
Fair	18.2%	18.8%	18.4%
Poor	1.4%	3.6%	2.0%
Very Poor	0.0%	1.4%	0.4%
Don't Know	20.7%	13.8%	18.8%

60

Question 10c: "Griffin Bell: do you think he is handling his job
in a (READ LIST) manner?"

RESPONSE	OUTSIDE OF ATLANTA	METROPOLITAN ATLANTA	TOTAL RESPONSE
Very Good	13.8%	18.1%	15.0%
Good	37.5%	37.0%	37.3%
Fair	23.4%	23.9%	23.6%
Poor	1.4%	1.4%	1.4%
Very Poor	0.6%	2.2%	1.0%
Don't Know	23.4%	17.4%	21.8%

52

Question 11: "For statistical purposes, please give me your age."

RESPONSE	OUTSIDE OF ATLANTA	METROPOLITAN ATLANTA	TOTAL RESPONSE
18-24	8.3%	2.9%	6.8%
25-34	17.6%	34.1%	22.2%
35-44	18.7%	23.9%	20.2%
45-54	21.2%	16.7%	20.0%
55-64	18.5%	18.1%	18.4%
65+	15.2%	4.3%	12.2%
Refused	0.6%	0.0%	0.4%

Question 12: "Sex of Respondent:"

RESPONSE	OUTSIDE OF ATLANTA	METROPOLITAN ATLANTA	TOTAL RESPONSE
Male	50.7%	51.4%	50.9%
Female	49.3%	48.6%	49.1%

OBSERVATIONS

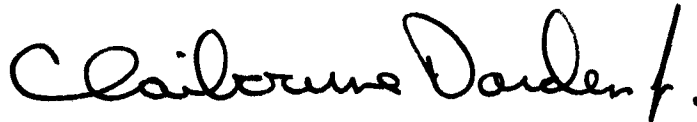
The question of how Jimmy Carter is rating with the home folks in Georgia has been answered. Almost one out of four, 25.3%, think he is doing a very good job and 39.7% think he is doing a good job. These are the highest ratings ever received by a politician in all of the polling activity conducted by Darden Research Corporation. To realize the significant amount of success obtained by Jimmy Carter, we only have to look at a poll conducted by Darden Research Corporation from July 7-10, 1975 which indicated that in the state of Georgia, Gerald Ford received 61.8% of the preference compared to only 26.9% for Jimmy Carter. In short, within less than two years Jimmy Carter has gone from Jimmy Who to the most popular hero this state has had since General Oglethorpe first established Savannah.

There are three other Georgians in cabinet level positions in Washington: Andrew Young, Bert Lance and Griffin Bell. Of these three, Bert Lance received the best ratings with 60.5% of the respondents saying he is doing a very good or good job and only 2.4% stating he is doing a poor job or very poor job. Griffin Bell closely follows Bert Lance with a 52.3% very good or good rating and a 2.4% poor or very poor rating. Both of these men seem to be very popular with the people down home. On the other hand, Andrew Young has become quite controversial. Young received a 30.8% very good or good rating and a 21.0% poor or very poor rating. By any current standard, these ratings must be considered very low.

darden research corporation

As of date, these relatively negative ratings of Young seem to have little to no effect on the popularity of Jimmy Carter among the people in his home state. It is quite possible that, given time, these relatively negative ratings for Young will begin to affect the popularity of the president.

In terms of state politics, both Governor George Busbee and Senator Sam Nunn rate extremely high among the registered voters in the state and are odds-on favorites to win if they so choose to run for reelection.



Claibourne H. Darden, Jr.
President
Darden Research Corporation

darden research corporation

THE WHITE HOUSE
WASHINGTON

May 16, 1977

Bob Linder

The attached was returned in the
President's outbox and is forwarded
to you for your information.

Rick Hutcheson

Re: Knoxville Energy Expo '82

8

THE WHITE HOUSE

WASHINGTON

MEMORANDUM TO: THE PRESIDENT
FROM: Jack Watson *Jack*
RE: Knoxville Energy Expo '82

As you requested, Juanita has submitted the attached letter stating that the Department of Commerce will follow your instructions to remain within the limit of \$20 million for the U.S. Pavilion at Energy Expo '82 in Knoxville, Tennessee.

Your original instruction also included a request for a budget guarantee from the Knoxville people, but we have since learned that the budget figure was set by Commerce (and, hence, unknown to the Expo representatives) and Commerce alone has spending authority and control.

I hope this satisfies your request.

May 13, 1977
Attachment

THE SECRETARY OF COMMERCE
WASHINGTON, D.C. 20230

1977 MAY 9 AM 9 55

PRIORITY


April 29, 1977

Dear Mr. President:

I am pleased to learn that you have recognized Knoxville's International Energy Exposition for 1982. This event, which was sanctioned on April 27, 1977, by the Bureau of International Expositions (BIE) in Paris, will generate an outstanding increase in international and domestic tourism to Knoxville. It will also provide a new avenue for revitalizing the center city area.

In the Department's plans for the U.S. Pavilion, we will follow orders to remain within a limit of \$20 million. We will endeavor to even save on this budget. I will keep you apprised of the progress on Knoxville's Energy Expo '82.

Respectfully,


Juanita M. Kreps

The President
The White House
Washington, D.C. 20500

THE WHITE HOUSE
WASHINGTON

May 16, 1977

Stu Eizenstat -

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

cc: The Vice President

Re; Tax Reform

~~CONFIDENTIAL~~

THE WHITE HOUSE
WASHINGTON
THE PRESIDENT HAS SEEN.

May 13, 1977

*Stu -
Get Reckman's
ideas. Also com-
paign promises
& comments -
J.C.*

MEMORANDUM FOR: THE PRESIDENT
FROM: STU EIZENSTAT *Stu*
SUBJECT: Vice President's Memorandum on
Tax Reform

• I concur with the thrust of the Vice President's comments. This is why I suggested that you meet with Larry Woodworth. That meeting is scheduled for May 18.

• I have been discussing this subject with Charlie Schultze during the past week and he agrees completely. The proposal is entirely too oriented towards business tax reductions and too costly.

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DETERMINED TO BE AN ADMINISTRATIVE
MARKING BY *Jay* DATE *4/12/89*



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C
/

OFFICE OF THE VICE PRESIDENT
WASHINGTON

~~CONFIDENTIAL~~

MEMORANDUM FOR THE PRESIDENT

From: The Vice President *WJH*

Subject: Tax Reform

Date: May 13, 1977

As you suggested, I have been reviewing the preliminary Treasury Department proposals on tax reform. Your comments at the news conference yesterday were responsive to virtually all of the major problems I see with the draft recommendations from Treasury.

I understand that you will be meeting next week with Mike Blumenthal and others on this subject. Although some of the draft proposals may be revised substantially between now and then, I wanted to let you know of my specific concerns.

Size of the Package

The latest draft proposals I have seen would cost roughly \$30 billion in 1981. I don't know whether we could carry out a reform initiative with zero cost, but I certainly question a revenue loss of this magnitude, given the commitment to work toward a balanced budget and to pursue other important domestic goals.

Timing of the Package

Your point about incremental relief is absolutely right. A massive tax reduction, like that contemplated under partial integration of corporate and individual shareholder taxes, would not only be costly, it is likely to be quickly forgotten. A phased or two step approach could gain nearly as much goodwill for half the cost.

Composition of the Package

As it is now written, I am disturbed about the composition of the package. A \$24 billion revenue loss would go for

DETERMINED TO BE AN ADMINISTRATIVE
MARKING BY *Jerry*

DATE *9/19/83*

integration, benefitting shareholders who tend to be well-to-do and certain corporations. I think this would be bitterly criticized by Democrats in the Congress.

Progressivity

The net effect of the draft proposals I have seen, if partial integration is included, would be to reduce the progressiveness of our tax system. I don't see how we could come forward with a package that is less progressive than current law and call it tax reform.

Size of the Personal Income Tax Credit

The draft proposals would substitute a \$215 tax credit for existing exemptions and family credits. You had earlier mentioned a \$240 tax credit, which would result in no net reductions in tax revenues. In its present form, the \$215 credit is the single largest revenue raising proposal in the reform package. Given the attractiveness of the credit as a means of helping large American families, I wonder whether the credit could not be enlarged, at the expense of some of the proposed tax rate reductions. Under the current proposal, a family of four making \$16,000 is no better off with the proposed credit than they would be with the existing exemptions and family credit. I believe this "break-even" point should be higher.

Comprehensiveness

Both you and I spoke out strongly during the campaign against business deductions for lavish lunches and other non-essentials. I wonder why the package does not come to grips with this problem.

Finally, there are a great many "tax expenditures" which the Treasury proposal does not address. I would hope that a thorough review of these would be possible before the Administration makes its recommendations to the Congress.

Confidential

THE WHITE HOUSE
WASHINGTON

5-15-79

To Mike, Charlie, Tom Mc., Fred, Stu

I want EPG more closely to coordinate economic policy advice coming to me in the future, and to provide better policy implementation after I have made a decision.

Based generally on Mike's memo of 5/8/79, submit to me expeditiously an outline of how to implement this change. Use existing staff levels.

If you all cannot reach consensus, I will quickly resolve any differences.

NOTED TO BE AN ADMINISTRATIVE
BY guy DATE 6/26/90

J. C.